

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 IO-15 ISO-00 AF-10 L-03 H-03 SPC-03

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 SS-15 STR-08

OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 8864

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E.O. 11652 N/A

TAGS: EFIN, BE

SUBJ: FINANCE MINISTER'S REACTION TO NAIROBI

1. GOB FINANCE MINISTER DE CLERCQ, WHO STOPPED OVER ON HIS WAY BACK FROM NAIROBI IN KINSHASA TO DISCUSS BELGIAN INVESTMENT IN ZAIRE, GAVE INTERVIEW TO HET LAATSTE NIEUWS ON HIS RETURN IN WHICH HE EXPRESSED MODERATE SATISFACTION WITH RESULTS OF NAIROBI IMF/IBRD MEETINGS. DE CLERCQ WAS ESPECIALLY PLEASED THAT REFORM OF MONETARY SYSTEM HAD FINALLY BEEN PLACED ON POLITICAL LEVEL, "WHERE IT BELONGS", AND THAT DEADLINE WAS SET FOR AGREEMENT. HE REGRETTED THAT DISCUSSIONS HAD NOT GONE DEEPER INTO SUBSTANCE OF REFORM, BUT DID NOT FIND THIS SURPRISING GIVEN SIZE OFFORUM.

2. DE CLERCQ FOUND VERY USEFUL CONTACTS AMONG EC NINE MINISTERS ON EC MONETARY POLICY. NOTING THAT SNAKE HAD BEEN THREATENED

ONLY WEEK BEFORE NAIROBI HE WAS REASSURED TO FIND WILL AMONG NINE TO KEEP SNAKE ALIVE. HE AGREED WITH SUGGESTION THAT
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PHASE TWO OF EC MONETARY UNION CANNOT BE REACHED BY DATE

EARLIER SET, AND NOTED THAT PRIVATE SECTOR, IN ISSUING LOANS IN EUROPEAN UNITS OF ACCOUNT, HAD ONCE MORE OUTSTRIPPED GOVERNMENTS IN MOVING TOWARD MONETARY UNION.

3. ASKED WHETHER HE SHARES SECRETARY SHULTZ' OPTIMISM OVER IMPROVEMENT OF U.S. BALANCE OF PAYMENTS NEXT YEAR, DE CLERCQ STATED THAT HE DOES AND THAT HE HAS ALWAYS CONTENTED THAT DOLLAR IS NOW UNDERVALUED. HE BELIEVED THAT U.S. COMPETITIVENESS WILL INCREASE IN COMING MONTHS AND THAT DEVALUATIONS AND SUBSEQUENT DEPRECIATION OF DOLLAR WILL FIND FULL EFFECT ONLY IN 1974.

4. WE HAVE TALKED WITH DE CLERCQ'S CHIEF MONETARY ADVISOR (VAN YPERSEEL), WHO CONFIRMED THAT DE CLERCQ WAS RELATIVELY HAPPY WITH NAIROBI OUTCOME AND ALSO PLEASED AT RESOLVE SHOWN BY SIX SNAME MEMBERS (NOT EC NINE, AS MENTIONED IN INTERVIEW) TO "KEEP ANIMAL ALIVE". WHEN ASKED ABOUT RESENTMENT REPORTED IN BELGIAN PRESS TOWARD SEPARATE MEETINGS OF MAJOR COUNTRIES, VAN YPERSEEL SAID RESENTMENT ON BELGIAN PART DIRECTED MOSTLY TOWARD EUROPEAN PARTICIPANTS IN SELECT GROUP WHO FAILED TO KEEP SMALLER EC COUNTRIES UP-TO-DATE ON SMALLER GROUPS DISCUSSIONS

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